

# SENATE BILL REPORT

## SB 5195

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As Reported by Senate Committee On:  
Higher Education, February 14, 2013  
Ways & Means, February 28, 2013

**Title:** An act relating to allowing nonprofit institutions recognized by the state of Washington to be eligible to participate in the state need grant program.

**Brief Description:** Allowing nonprofit institutions recognized by the state of Washington to be eligible to participate in the state need grant program.

**Sponsors:** Senators Rolfes, Hill, Tom, Bailey and Fain.

**Brief History:**

**Committee Activity:** Higher Education: 2/07/13, 2/12/13, 2/14/13 [DP-WM, w/oRec].  
Ways & Means: 2/21/13, 2/28/13 [DPS, DNP, w/oRec].

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### SENATE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass and be referred to Committee on Ways & Means.  
Signed by Senators Bailey, Chair; Becker, Vice Chair; Baumgartner, Frockt and Tom.

**Minority Report:** That it be referred without recommendation.  
Signed by Senators Kohl-Welles, Ranking Member; McAuliffe.

**Staff:** Kimberly Cushing (786-7421)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5195 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Nelson, Assistant Ranking Member; Bailey, Becker, Braun, Dammeier, Fraser, Hatfield, Hewitt, Kohl-Welles, Padden, Parlette, Ranker, Rivers and Tom.

**Minority Report:** Do not pass.  
Signed by Senator Hasegawa.

**Minority Report:** That it be referred without recommendation.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Signed by Senators Conway, Keiser, Murray and Schoesler.

**Staff:** Maria Hovde (786-7710)

**Background:** State Need Grant Eligibility. The State Need Grant (SNG) program assists needy and disadvantaged students by offsetting a portion of their higher education costs. To be eligible, a student's family income cannot exceed 70 percent of the state's median family income, currently \$57,500 per year for a family of four.

Under current law, an institution of higher education is eligible to participate in the SNG program if it is a public university, college, or community or technical college operated by Washington State, or any other accredited university, college, school, or institute in Washington. However, any institution, branch, extension, or facility that is affiliated with an out-of-state institution must be a separately accredited member institution or a branch of an accredited institution that is eligible for federal financial aid, has operated as a nonprofit college or university delivering on-site classroom instruction in Washington for a minimum of 20 consecutive years, and has an annual enrollment of at least 700 students.

Western Governors University (WGU). WGU is a private, nonprofit, online university. WGU offers undergraduate and graduate degree programs in business, teacher education, information technology, and health professions, including nursing.

In 2011 the Legislature expressed its intent to partner with WGU to establish WGU-Washington as a self-supporting institution. The Legislature authorized the Student Achievement Council to recognize WGU-Washington as an important component of Washington's higher education system and required the Council to work with WGU-Washington to create data sharing processes to assess the institution's performance and determine how it helps Washington achieve its higher education goals.

**Summary of Bill :** The bill as referred to committee not considered.

**Summary of Bill (Recommended Substitute):** The Legislature finds that WGU-Washington serves a non-traditional and geographically diverse student population that deserves to have access to affordable postsecondary education, including baccalaureate degree-granting institutions; that the Legislature intends to provide WGU-Washington access to the SNG program; and that the Legislature intends for WGU-Washington to comply with all reporting requirements required for participation in the SNG program.

A nonprofit institution recognized by Washington State under current law is eligible to participate in the SNG program.

The definitions of eligible institutions are modified for the Get Ready for Math and Science Scholarship Program, and the Gaining Independence for Students with Dependents Scholarship Program so that they do not include nonprofit institutions recognized by Washington State.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute):** Adds intent language that the Legislature finds that WGU-Washington serves a

non-traditional and geographically diverse student population that deserves to have access to affordable postsecondary education, including baccalaureate degree-granting institutions; that the Legislature intends to provide WGU-Washington access to the SNG program; and that the Legislature intends for WGU-Washington to comply with all reporting requirements required for participation in the SNG program.

Removes the provisions that modified the definition of eligible institution for the College Bound Scholarship program as used by the Caseload Forecast Council to not include nonprofit institutions recognized by Washington State.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on August 1, 2013.

**Staff Summary of Public Testimony on Original Bill (Higher Education):** PRO: The rural areas of the state do not have access to many institutions. For these residents, participating in a four-year program while working is almost unachievable. This is an issue of fairness for state residents. WGU-Washington is proud to enhance access, targeting dislocated workers and placebound students. The average student age is 37. WGU offers affordable tuition and a flexible schedule – which allows for odd jobs and volunteer work. Sixty-nine percent of students are from underserved populations. Students are getting raises, promotions, or changing careers as result of programs. The best form of financial aid is low tuition; WGU has not increased tuition in five years and hopes to not do so for the next five years. Progress toward degrees is accelerated – 30 to 35 months, when the national average is 57 months. WGU will be good stewards of state resources and make the dollars go as far as they can. The passage of the bill would help lowest-income WGU students, who are domiciled in Washington. The fiscal note presumed students would be funded at 95 percent, which is very unlikely. WGU would be happy to report on these students' progress. The State Board for Community and Technical Colleges (SBCTC) supports post-secondary options and viable reputable transfer solutions.

OTHER: Central Washington University (CWU) and WGU have similar demographics: low income and geographically diverse students. While we support the policy idea, the financial policy is a problem. The SNG program has 31,000 unserved. Work Study has been cut. How will more unserved SNG students work with the College Bound Scholarship program? Twenty-five million dollars was taken out of SNG and paid for by public institutions to make up the difference. All SNG eligible institutions should have to give back into pool. Studies on the SNG program are being done and these should be looked at first.

CON: All students should have access, but any institution getting SNG funds should be held accountable. Institutions should not be assessed for risk but for performance and report certain metrics. Currently, WGU does not report.

**Persons Testifying (Higher Education):** PRO: Senator Rolfes, prime sponsor; Scott Copeland, SBCTC; Jean Floten, WGU-WA; Scott Dean, Ron Harding, WGU students.

OTHER: Ann Anderson, CWU representing Council of Presidents.

CON: Ben Crowther, WA Student Assn.

**Staff Summary of Public Testimony as Heard in Committee (Ways & Means) :** PRO: WGU-Washington was created in 2011. The average age of students is 37 years, 67 percent of the students are from underserved populations, and 68 percent of the students are employed full time and are placebound. In addition, tuition has not increased at WGU-Washington since 2008. To participate in the SNG program, WGU-Washington would be subject to more reporting requirements than public institutions, including providing financial data and grade and placement data.

OTHER: Today, there are currently 31,000 unserved students in the SNG program and more than 8000 of them are attending public four-year institutions of higher education. In addition, demand for this program continues to increase. This fall, applications were up 3 percent from last year. There are also the costs associated with the College Bound program to consider. The fiscal impacts of this bill will add to these costs.

**Persons Testifying (Ways & Means):** PRO: Vicki Christopherson, WGU-Washington.

OTHER: Jane Wall, Council of Presidents.